

Message Text

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21

ACTION EUR-12

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FM AMEMBASSY SOFIA

TO SECSTATE WASHDC 607

INFO USDOC WASHDC

AMEMBASSY BELGRADE

AMEMBASSY BERLIN

AMEMBASSY BUCHAREST

AMEMBASSY BUDAPEST

AMEMBASSY MOSCOW

AMEMBASSY PRAGUE

AMEMBASSY WARSAW

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USDOC FOR BEWT

E.O. QYTWC NA

TAGS: EGEN, BGEN, EALR, BU

SUBJECT: CONVERSATION WITH DEPUTY PREMIER ZAREV

1. DEPUTY PREMIER KIRIL ZAREV, WHO ALSG ACTS AS
CHAIRMAN OF STATE PLANNING COMMISSION AND PERMANENT
REPRESENTATIVE TO CEMA, IN A MEETING WITH AMBASSADOR
DEC 19 EMPHASIZED CONTINUING "DYNAMIC" DEVELOPMENT
AS REASON WHY BULGARIA NOT PLAGUED BY THD
DIFFICULTIES BESETTING SOME OTHER EE ECONOMIES.
ACKNOWLEDGING INCREASED COST OF SOVIET OIL AND OTHER
RAW MATERIALS, HE GAVE USUAL ARGUMENT THAT THIS
PRESENTED NO PROBLEM SINCE IT IS BALANCED BY IN-
CREASED PRICES FOR BULGARIAN EXPORTS. SOLUTION
OFFERED BY ZAREV TO ALL ECONOMIC PROBLEMS INCLUDING
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TRADE IMBALANCE WITH WEST IS INCREASED EFFICIENCY IN

INVESTMENTS AND USE OF RESOURCES ALONG WITH IMPROVED QUALITY OF PRODUCTION. DESPITE EFFORTS TO GET HIM INTO SPECIFICS HIS PRESENTATION TENDED TO BE SIMPLISTIC AND DISINGENUOUS.

2. FOLLOWING POINTS OF INTEREST EMERGED FROM CONVERSATION.

A. NATIONAL INCOME WILL INCREASE AT LEAST 8 PERCENT ANNUALLY OVER NEXT FIVE-YEAR PLAN.

B. FOREIGN TRADE WITH CEMA COUNTRIES DURING NEXT FIVE-YEAR PLAN WILL INCREASE 50-80 PERCENT, WITH EAST GERMANY AT LOWEST END OF SCALE AND POLAND AND ROMANIA AT TOP.

C. TRADE WITH WEST WILL INCREASE 50 PERCENT OVER NEXT FIVE-YEAR PERIOD.

D. BULGARIAN PARTICIPATION IN ORENBURG PIPELINE PROJECT WILL CONSIST OF "SMALL GROUP OF SPECIALISTS" SENT TO SOVIET UNION AND SUPPLIES FROM DOMESTIC PRODUCTION.

E. THERE ARE NO PLANS TO INCREASE DOMESTIC PRICES.

F. STATE PLANS NOW HAVE "RESERVE" BUILT IN, RATHER THAN COMMITTING ALL RESOURCES. RESERVE IS IN BOTH LEVA AND CONVERTIBLE CURRENCIES.

G. PARTICULAR OPPORTUNITIES FOR AMERICAN BUSINESS EXIST IN FIELDS OF CHEMICALS, CONSTRUCTION OF ROADS AND HOUSING, AND AGRICULTURE.

3. POINT 2 F ABOVE EMERGED IN RESPONSE TO REMARK FROM AMBASSADOR THAT HE HAD HEARD (SOURCE WAS GERMAN AMBASSADOR) THAT ZHIVKOV DURING HIS RECENT VISIT TO THE FRG HAD TOLD A GROUP OF BANKERS AND INDUSTRIALISTS THAT HE WOULD HAVE "TWO BILLION DOLLARS" IN HIS HIP POCKET, AS IT WERE, TO MEET ANY POSSIBLE DIFFICULTIES LIMITED OFFICIAL USE

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IN MEETING OBLIGATIONS TO CREDITORS IN THE WEST. ALTHOUGH ZAREV DID NOT CONFIRM THE FIGURE, HE STATED THAT SETTING ASIDE A RESERVE WAS AN INNOVATIVE FEATURE OF THE NEXT PLAN.

4. MEMCON BEING POUCHED DEPARTMENT.
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